

FredMeyer

Step	Action
4	<p>Take action through the normal progressive discipline procedures if the associate's work performance or safety becomes a problem. Do not accuse the associate of having a substance abuse problem; simply state observations and ask for an explanation.</p> <p>If the associate admits to a substance abuse problem, follow the procedure for an admission in "Example 2". If the associate is exhibiting impaired behavior at the time of the admission, go to Example 3 and follow steps 4 through 12.</p> <p>If the associate does not admit to a substance abuse problem, proceed with the normal progressive discipline procedures until the behavior is corrected or the associate is terminated.</p>
5	Maintain confidentiality and forward all documentation to HR.

Example 2 - associate admission

If an associate admits to a substance abuse problem, is not exhibiting impaired behavior at the time of the admission, and—

- ◆ *has not been involved in any disciplinary process*, the manager/supervisor should follow steps 1 through 6 below:
- ◆ *has had discipline problems*, the manager/supervisor should follow steps 1 through 9 below:

Note: If the associate is exhibiting impaired behavior at the time of the admission, go to "Example 3" and follow steps 3 through 12.

Step	Action
1	Let the associate know that the Company will stand behind him/her as long as (s)he agrees to seek help for the addiction.
2	Advise the associate that a substance abuse problem is treated like any other illness. If eligible, (s)he will be given a leave of absence to treat the problem. Paid sick leave is available, if applicable under the associate's benefit plan. Upon completion of the rehabilitation program, the associate can return to work without loss of seniority or rate of pay.
3	<p>Inform the associate that the costs of licensed treatment programs will be a shared financial responsibility between Fred Meyer (through the existing medical benefits package) and the associate.</p> <p>Note: This applies only if the associate qualifies for insurance coverage.</p>
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Step	Action
4	Have the associate contact the insurance company to find out the amount of coverage and what (s)he needs to do to start the process.
5	If the associate has not already contacted a treatment program, call Human Resources for referral information.
6	Have the associate bring a note from a physician or treatment program, attach it to the completed request for leave of absence, and send the paperwork to the Compensation Team Member assigned to the location.
7	When the associate returns to work, require the associate to bring in periodic certification slips showing continued participation in the program.
8	Contact Employee Relations to discuss the possibility of a <i>Last Chance Agreement</i> and the details involved.
9	Maintain confidentiality and forward all documentation to Human Resources.

Example 3 - behavior witnessed (reasonable suspicion)

If a manager/supervisor witnesses an associate acting in a manner that suggests (s)he may be under the influence of alcohol or drugs, the manager should partner with another manager. Tell the other manager about the observations and suspicions and, if the other manager agrees, follow the procedure below:

Step	Action
1	Partner with the Store Director, another manager, or security and ask for assistance when confronting the associate.
2	Take the associate to a private place.
3	Conduct an interview with the associate and give the associate an opportunity to explain the situation. If the associate requests a union representative be present, allow the associate to call for a union representative and wait one hour for the representative to arrive. If the union representative does not arrive, proceed with steps 4 through 12.
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Step	Action
4	<p>Have the associate sign a <i>Alcohol and Drug Search and Test Release Consent Form</i> to give the Company permission to conduct a search and to submit to a urinalysis for drug, controlled substance and/or alcohol use and a Breathalyzer for alcohol use. If the associate refuses to submit to a search or take the test, explain that refusal could result in termination.</p> <p>If the associate still refuses to consent to a search and test, suspend the associate and contact Employee Relations.</p> <p>If the associate signs the consent form, proceed with steps 5 through 12.</p>
5	Have security conduct a search of the associate's personal property in as private and quiet manner as possible, away from the view of other associates, and take possession of any suspected contraband.
6	Fill out a Collection Site Registration Form (to be given to the Collection Site Technician) and drive the associate to the local collection site (specified on the backside of the Form for the given store or work location).
7	<p>Have the collection site take a urine specimen AND an evidential breath alcohol test (A Breathalyzer test should be specifically requested by the manager in cases where alcohol use is suspected. The Collection Site Technician will otherwise assume that only a urinalysis will be conducted.). A written report of the laboratory's tests will be sent to Employee Relations and the supervisor or Store Director will be contacted by Employee Relations with the test results. Any receipts or paperwork given to the manager by the Collection Site should be forwarded to Employee Relations.</p> <p>Preferably, the associate should be taken to an approved collection site specified on the backside of the Collection Site Registration Form, however if the associate is taken to an alternative site, make sure the Collection Site sends the sample and contraband to Metro Lab for proper identification and analysis (contact Employee Relations for details).</p>
8	Provide the associate with transportation home—do not allow the associate to drive him/herself home. If the associate resists, tell him/her you will call the police with his or her license number (and then do so).
9	<p>Suspend the associate without pay until the test results are obtained.</p> <p>The associate is paid for the time taken to complete the drug test, regardless of the test result.</p>
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Step	Action
10	Notify the next level of management and Employee Relations of the current situation.
11	Prepare a detailed written report about the incident including written statements from witnesses. Maintain confidentiality. Do not discuss details with witnesses—just get their observations. Forward all documentation to HR.
12	<p>After the test result is received, the Store Director and/or manager should meet with the associate.</p> <p>If the test result is negative, apologize to the associate; assure him/her that the results of the investigation will be shared only on a "business need-to-know" basis, and (s)he may return to work. If the associate is extremely upset, offer him/her the opportunity to go home with no loss of pay.</p> <p>If the test result is positive, tell the associate the result. At your discretion, you may either give the associate an opportunity to resign or terminate the associate for violation of the Company's alcohol and drug use policy.</p>

Example 4 - discovered using or possessing

If a supervisor sees or is told that an associate has just been seen using alcohol or drugs on the premises, follow the procedure below:

Step	Action
1	Partner with the Store Director, another manager, or security and ask for assistance when confronting the associate. If someone else has reported the situation, interview that person in private and gather as many facts as possible.
2	Take the associate to a private place.
3	<p>Inform the associate of the corporate policy regarding alcohol and drug use. Tell the associate that either you or someone else (do not identify the source) thinks (s)he may have violated Company policy. If the associate requests a union representative be present, allow the associate to call for a union representative and wait one hour for the representative to arrive. If the union representative does not arrive, proceed as follows:</p> <ul style="list-style-type: none"> ✦ If the associate admits to having violated the corporate policy on alcohol and drug use, terminate the associate and complete steps 10 through 12 below. ✦ If the associate denies having violated the policy, proceed with steps 4 through 12 below.
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Step	Action
4	<p>Have the associate sign a <i>Alcohol and Drug Search and Test Release Consent Form</i> to give the Company permission to conduct a search and to submit to a urinalysis for drug, controlled substance and/or alcohol use and a <i>Breathalyzer</i> for alcohol use. If the associate refuses to submit to a search or take the test, explain that refusal could result in termination.</p> <ul style="list-style-type: none"> ◆ If the associate still refuses to consent to a search and test, suspend the associate and contact Employee Relations. ◆ If the associate signs the consent form, proceed with steps 5 through 12.
5	Have security conduct a search of the associate's personal property in as private and quiet manner as possible, away from the view of other associates, and take possession of any suspected contraband.
6	Fill out a <i>Collection Site Registration Form</i> (to be given to the <i>Collection Site Technician</i>) and drive the associate to the local collection site (specified on the backside of the <i>Form</i> for the given store or work location).
7	<p>Have the collection site take a urine specimen AND an evidential breath alcohol test (A <i>Breathalyzer</i> test should be specifically requested by the manager in cases where alcohol use is suspected. The <i>Collection Site Technician</i> will otherwise assume that only a urinalysis will be conducted.). A written report of the laboratory's tests will be sent to Employee Relations and the supervisor involved will be contacted by Employee Relations with the test results. Any receipts or paperwork given to the manager by the <i>Collection Site</i> should be forwarded to Employee Relations.</p> <p>Note: Preferably, the associate should be taken to an approved collection site specified on the backside of the <i>Collection Site Registration Form</i>, however if the associate is taken to an alternative site, make sure the <i>Collection Site</i> sends the sample and contraband to Metro Lab for proper identification and analysis (contact Employee Relations for details).</p>
8	Provide the associate with transportation home—do not allow the associate to drive him/herself home. If the associate resists, tell him/her you will call the police with his or her license number (and then do so).
9	<p>Suspend the associate without pay until the test results are obtained.</p> <p>Note: The associate is paid for the time taken to complete the drug test, regardless of the test result.</p>
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Step	Action
10	Notify the next level of management and Employee Relations of the current situation.
11	Prepare a detailed written report about the incident including written statements from witnesses. Maintain confidentiality. Do not discuss details with witnesses—just get their observations. Forward all documentation to HR.
12	<p>After the test result is received, the Store Director and/or manager should meet with the associate.</p> <ul style="list-style-type: none"> ◆ <i>If the test result is negative</i>, apologize to the associate; assure him/her that the results of the investigation will be shared only on a "business need-to-know" basis, and (s)he may return to work. If the associate is extremely upset, offer him/her the opportunity to go home with no loss of pay. ◆ <i>If the test result is positive</i>, tell the associate the result. At your discretion, you may either give the associate an opportunity to resign or terminate the associate for violation of the Company's alcohol and drug use policy.

Example 5 - taking medication

If an associate informs his/her manager that (s)he is taking medication(s) (prescribed or otherwise) that contain warnings or precautions, follow the procedure below:

Step	Action
1	Review the associate's job duties. If the associate works in a hazardous position or dangerous area and the medication will impair performance or create a safety hazard, consider either putting the associate on temporary reassignment or sending him/her home.
2	<ul style="list-style-type: none"> ◆ <i>If the associate is allowed to work</i>, tell the associate that (s)he should immediately notify a supervisor if the medication(s) begin to have an adverse effect. This should be done even if the associate thinks (s)he can still perform the job. ◆ <i>If the associate is not allowed to work</i>, offer to provide transportation home. Treat the associate like any other who reports to work and becomes ill.
3	Keep all information confidential.

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4.4 Complaint Resolution

(03/03)

Statement

Misunderstandings or conflicts can arise in any organization. To ensure effective working relationships, it is important that such matters be resolved before serious problems develop. Most incidents resolve themselves naturally; however, a three-step complaint resolution procedure has been developed so employees have a way of bringing their complaints to management's attention.

As the first step, employees are encouraged to bring their complaints to the attention of their immediate supervisors. The guidelines outlined in this policy are meant to help supervisors solve potential problems before serious trouble develops.

It is important that supervisors resolve controversies impartially. They should not let unfair decisions stand just to support management or because the result is right even though the way it was done was wrong.

Scope

This policy applies to all Fred Meyer Stores supervisors and managers.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Vice President, Employee Relations.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

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Solving employee conflicts

The following table provides steps to assist managers and supervisors in solving employee conflicts:

Step	Action	Explanation
1	Respond promptly.	When an employee wishes to air a complaint, arrange to meet with the employee privately as soon as possible. The sooner the complaint is heard, the less time the employee has to dwell on the situation.
2	Listen to the employee's side of the story.	Concentrate on getting the whole story. Let the employee explain the situation without being rushed. Sometimes just allowing the employee to voice a complaint can have a calming or defusing effect. Avoid arguing with the employee. Instead, focus on the facts, and ask the employee to provide specific information to support his or her position.
3	Try to settle the complaint.	<p>If the problem is clear cut, try to settle the complaint without involving others. It's important to try to help the employee save face by giving him/her the benefit of the doubt on minor points. If management is in the wrong, it is important to admit that and make it easier for the employee to share responsibility for the problem.</p> <p>If the issue is not clear cut, involves disciplinary action, or concerns matters of broad policy application or interpretation, the matter needs further investigation. Establish a definite time when the employee can expect a response or decision. Stress the importance of weighing all the facts and making a fair and objective decision.</p>
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Step	Action	Explanation
4	Investigate the complaint if others are involved or if the complaint involves company policy.	If the problem involves employees who report to other supervisors or concerns company-wide policy, contact the Vice President of Employee Relations for advice on how to proceed. Investigating the complaint may require checking certain records: length of service, payroll, attendance, overtime, sick leave, and interviewing other employees.
5	Work out a solution/decision.	Once the facts are gathered, explore all possible solutions to the problem. Consider the possible impact any particular action may have on employee discipline, productivity, and morale. Again, the Vice President of Employee Relations should be consulted if there are any reservations as to the fairness of a proposed solution.
6	Evaluate complaints involving discipline.	Consider the following points before presenting the decision to the employee: <ul style="list-style-type: none"> ◆ Did the employee know the rule and the probable consequences for violation of the rule? ◆ Is the rule reasonable? ◆ Was an investigation conducted? ◆ Was the investigation fair—did the employee get a chance to explain his or her side? ◆ Did the investigation show substantial evidence the employee violated the rule? ◆ Has there been equal treatment among the other employees involved? ◆ Is the discipline reasonable; in other words, is it related to the seriousness of the offence and the record of the employee?
<i>Continued on the next page...</i>		

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Step	Action	Explanation
7	Meet with the employee to present the decision.	<p>Meet again with the employee within the time frame established. If the decision is not in the employee's favor, be as respectful and tactful as possible. Use the following guidelines when presenting the outcome of the investigation to the employee:</p> <ul style="list-style-type: none"> ◆ Talk about any pertinent information uncovered during the investigation that would support the proposed solution. ◆ Summarize the reasons for the final decision. ◆ Help the employee understand that the decision is consistent with the application of Fred Meyer's policies and practices. <p>It is important that the employee considers the outcome fair. Discuss any objections at this time so the employee feels (s)he has had a fair hearing and can leave the meeting ready to return to work as a member of the team.</p> <p>If the decision is in the employee's favor, thank him/her for bringing it to your attention and giving you the opportunity to help.</p>
8	If the employee remains dissatisfied, go to step 2 of the Employee Complaint Resolution Procedure (see page 4 - 36).	<p>Despite the best efforts of the supervisor, an employee may reject a decision as unreasonable. If this happens, do not consider it a personal failure. This is why there are additional steps in the complaint resolution process.</p> <p>Rather than putting pressure on a reluctant employee to accept a decision, give the employee a copy of the Employee Complaint Resolution Procedure (following pages) and suggest that (s)he proceed to step 2 and contact the appropriate management personnel.</p>



Employee Complaint Resolution Procedure

Overview

Misunderstandings or conflicts can arise in any organization. To ensure effective working relationships, it is important that such matters be resolved before serious problems develop. Most incidents resolve themselves naturally; however, should a situation persist that you believe is harmful to you or to Fred Meyer, you should follow the procedure described here to resolve your complaint.

Time frame

To receive timely and fair consideration, it is important that all complaints be presented within 20 days from the date of the occurrence. If your complaint is not resolved to your satisfaction, proceed to the next step within 10 days of the resolution made in the previous step.



Resolution procedure

Use the following three-step procedure for presenting a complaint:

Step	Action
1	Discuss the problem with your supervisor; the majority of concerns and problems can normally be resolved here. If, however, you don't believe a discussion with your supervisor is appropriate, proceed directly to step 2.
2	If your problem is not resolved after discussing it with your supervisor or if you feel discussing the problem with your supervisor is inappropriate, request a meeting with your department manager (or Store Director). The manager will consider the facts, conduct an investigation, and may also review the matter with a member of Human Resources. You will normally receive a response regarding your complaint within five working days.
3	If you are not satisfied with your manager's decision and wish to pursue the complaint further, you may prepare a written summary of your concerns and request that the matter be reviewed by the Vice President of Employee Relations. After a full examination of the facts, the Vice President of Employee Relations will normally advise you of the decision within ten working days. The decision of the Vice President of Employee Relations will be final.

Fred Meyer does not tolerate any form of retaliation by supervisors against employees using this procedure. The procedure should not be construed, however, as preventing, limiting, or delaying Fred Meyer from taking disciplinary action against any individual, up to and including termination, in circumstances where the company considers disciplinary action appropriate.

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4.5 Securities Trading

(04/01)

Statement

This policy is identical to *The Kroger Co. Policy on Securities Trading*.

Scope

This policy applies to all Fred Meyer Stores employees.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to The Kroger Co. Corporate Counsel.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination, and may also be subject to civil and/or criminal penalties for violation of, among other things, applicable securities laws.

Policy

No director, officer or employee may buy or sell securities of the Company if that person has material, non-public information relating to the company. In addition, no director, officer or employee may use such material, non-public information, or divulge such information to others, except as required by the legitimate business of the Company or otherwise permitted by rules or regulations of the SEC as determined in consultation with the Law Department. The same policy applies to information about any other company, including our competitors and suppliers, obtained in the course of employment with the Company.

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What is material information?

Material information is any information that a reasonable investor would consider important in a decision to buy, hold or sell a security. Any information that, upon its release to the public, reasonably could be expected to affect the price of the security will be deemed material information. By way of example, information about the following likely would be considered material: future earnings or losses; a pending or proposed merger, acquisition, tender offer, significant sale of assets or other major transaction; changes in the Company's dividend policy or the declaration of a stock split or securities offering; restructuring of the Company's debt or renegotiation of the Company's credit agreement; impending bankruptcy or financial illiquidity. Information about the foregoing may be material whether favorable or unfavorable.

Family member transactions

Transactions by your family members and others living in your household are subject to the same restrictions. Directors, officers and employees are responsible for compliance with this Policy by their immediate family and household.

When is material information public?

Material information is public after the company has made a public announcement or release, but trading in securities immediately thereafter often does not give the market sufficient time to absorb the information. Directors, officers and employees should not engage in transactions until the third business day following the release of information. For example, trading would be permissible on a Thursday following a Monday release, or on a Wednesday following a Friday release.

Penalties

The Company may impose sanctions, including discharge from employment, for any violation of this Policy. In addition, severe penalties and other consequences may be imposed under various laws. Private civil actions, actions by the Securities and Exchange Commission and criminal prosecution may result in the imposition of potentially ruinous damages, fines or imprisonment.

Company assistance

Questions about this Policy or about any specific transaction should be directed to the Law Department. Employees are urged to review even arguably questionable circumstances in advance of any transaction. Ultimate responsibility for compliance, however, rests with the individual.

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4.6 Dress and Appearance

(4/05)

Statement

Since appropriate attire is often subjective and a matter of individual taste, this policy provides guidelines for acceptable dress and appearance during working hours.

Scope

This policy applies to Fred Meyer Stores retail location and office associates. Guidelines in this policy have been separated:

- General Store Attire (*see page 4-42*)
- Main Office Attire (*see page 4-56*)

Effective Date

This policy is effective immediately and supersedes any previous policies.

Policy Owner

Route all policy questions and suggested updates to the *store dress code* to the Senior Vice President, Director of the Store Operations Group. Route all policy questions and suggested updates to the *office dress code* to the Group Vice President of Human Resources.

Violation of this Policy

Associates who violate this policy will be subject to disciplinary action up to and including termination.

Management Responsibility

Managers are responsible for ensuring that all associates are well-groomed and dressed within the guidelines stated in this policy.